

2008 Order Instituting Informational
Proceeding and Rulemaking on
Load Management Standards

Docket No. 08-DR-01

Water Agency Comments

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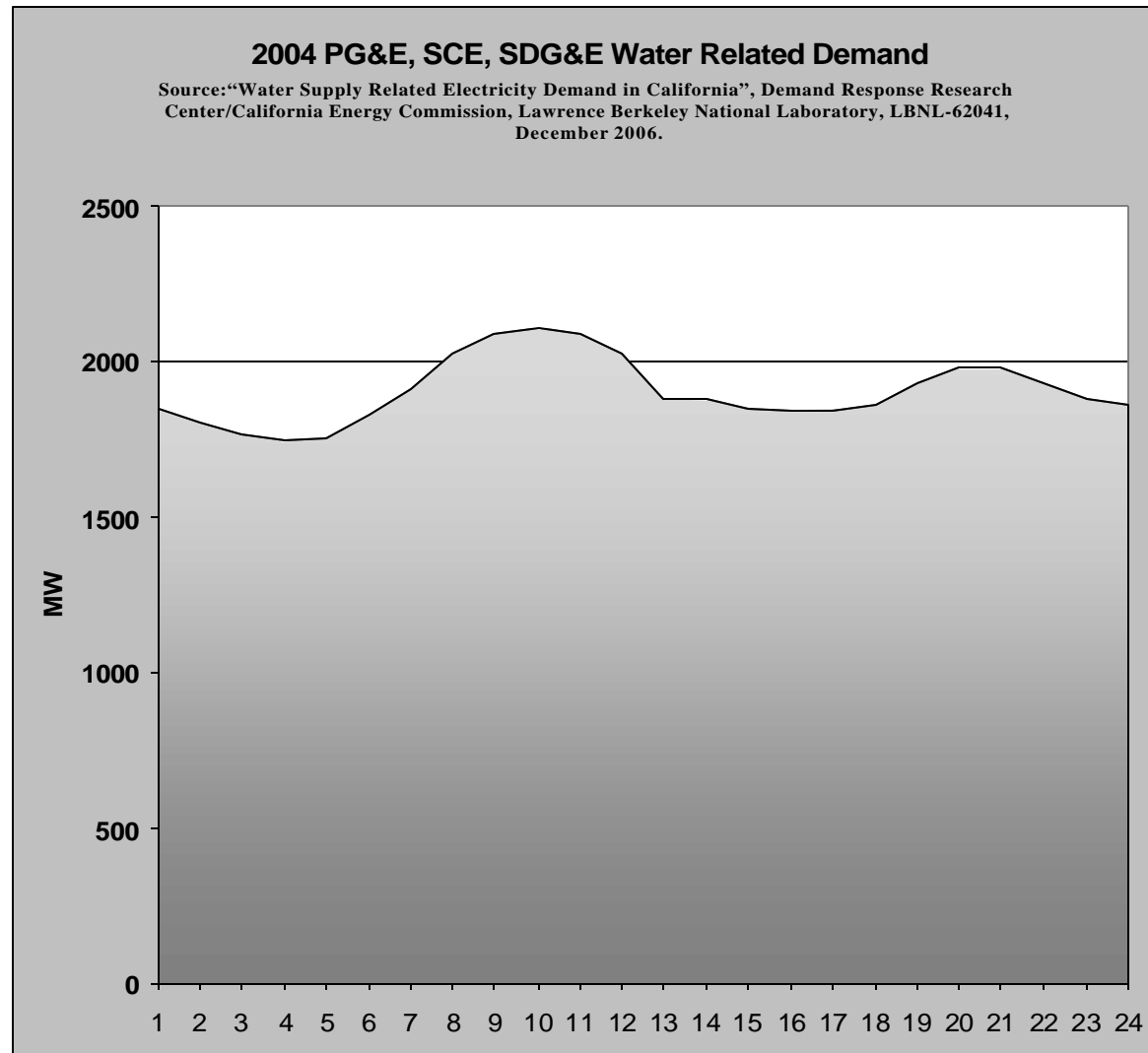
presented at:
Rate Design, Incentives, Market Integration Workshop

June 10, 2008
Sacramento, CA

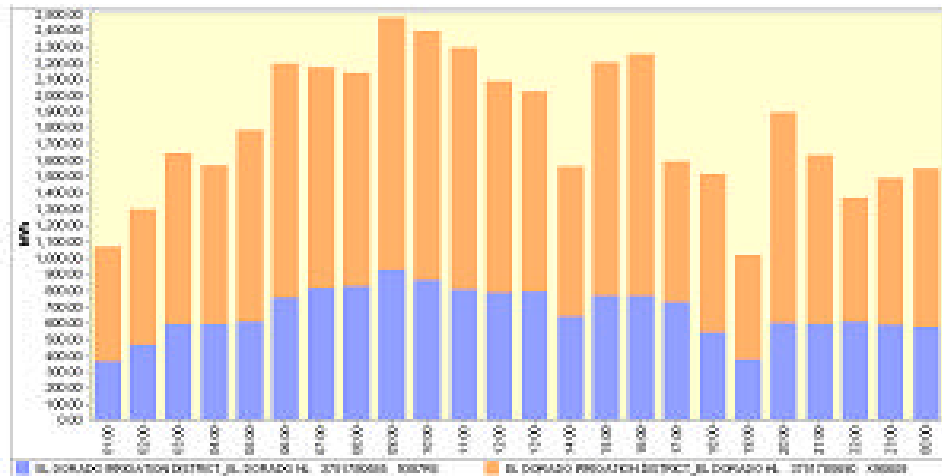
Water Agency Storage

- All water agencies that supply treated water have some storage
- Storage added to optimize water system - not for on peak demand electrical demand reduction
- There is a limit to on-peak demand reduction from storage
 - “minimal pool” of water kept in storage at all times
 - fire protection water
 - contingency water
 - water for pressure
- Current operation is conservative - “A full tank is a happy tank”

Water Agencies Currently Drop Hundreds of MW Daily During the On-Peak Period



Additional Storage Can Yield Huge Results

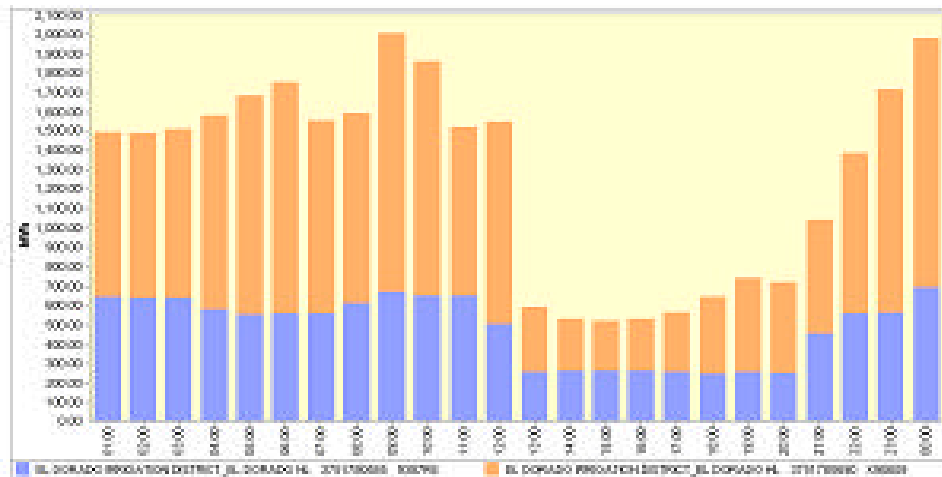


June 14, 2004

11.56 MG

Raw water pump station

Water treatment plant



June 14, 2005

11.03 MG

Incentives and Decision-making Very Different Between Public and Private Sectors

- “Public Versus Private Customer Perspectives on Participation in Demand-side Programs” Strategic Planning for Energy and the Environment, Winter 2008, Vol. 27, No. 3, pg..59-66 filed with CEC Docket Office in this proceeding.
- Highlights
 - Different decision-making incentives
 - Different risk/reward behavior
 - Different investment criteria
 - Article provides list of characteristics of programs attractive to public sector

Summary

- There is potential of 500-1,000 MW of additional on peak demand reduction that can be realized within the water community
 - some with more aggressive use of existing storage
 - most with additional storage in the water agencies
- Additional storage will yield additional permanent on-peak demand reductions and additional demand response
- Current and proposed rate design is neither consistent enough nor attractive enough to warrant water storage additions for on-peak demand reduction
- Incentives and decision-making for public agencies are very different from private customers